



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0002; DS63644000 DR2000000.CH7000 189D0102R2]

States' Decisions on Participating in Accounting and Auditing Relief for Federal Oil and Gas Marginal Properties

AGENCY: Office of Natural Resources Revenue (ONRR), Interior.

ACTION: Notice.

SUMMARY: ONRR regulations provide two types of accounting and auditing relief for Federal onshore or Outer Continental Shelf lease production from marginal properties. Each year ONRR provides a list of qualifying marginal Federal oil and gas properties to States that receive a portion of Federal royalties from those properties. Each State then decides whether to participate in one or both relief options. For calendar year 2018, we provide this notice of the affected States' decisions to allow one or both types of relief.

DATES: January 1, 2018.

FOR FURTHER INFORMATION CONTACT: Lindsay Goldstein, Market and Spatial Analysis Office, at (303) 231-3301; or email **to** lindsay.goldstein@onrr.gov.

SUPPLEMENTARY INFORMATION: The regulations, codified at 30 CFR part 1204, subpart C, implement certain provisions of section 7 of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA) (30 U.S.C. 1726), which allows States to relieve the lessees of marginal properties from certain reporting, accounting, and auditing requirements. States make an annual determination of whether or not to allow relief. Two options for relief are authorized: (1) Notification-based relief from cumulative

royalty reports and payments, allowing lessees or designees instead to file one annual report and make one annual payment, and (2) other requested relief, as proposed by lessees or designees and approved by ONRR, after consulting with the affected State(s). The regulations require ONRR to publish no later than 30 days before the beginning of the calendar year a list of the States and their decisions regarding marginal property relief.

To qualify for the first relief option (notification-based relief) for calendar year 2018 properties must produce less than 1,000 barrels-of-oil-equivalent (BOE) per year for the base period (July 1, 2016, through June 30, 2017). Annual reporting relief will begin January 1, 2018, with the annual report and payment due February 28, 2019, or March 31, 2019, if you have an estimated payment on file. To qualify for the second relief option (other requested relief), the combined equivalent production of the marginal properties during the base period must equal an average daily well production of less than 15 BOE per well, per day calculated under 30 CFR 1204.4(c).

The following table shows the States that have qualifying marginal properties and the States' decisions to allow one or both forms of relief.

State	Notification-based relief (less than 1,000 BOE per year)	Request-based relief (less than 15 BOE per well per day)
Alabama	No	No
Arkansas	N/A	Yes
California	No	No
Colorado	No	No
Kansas	No	No
Louisiana	Yes	Yes
Michigan	Yes	Yes
Mississippi	No	No
Montana	No	No
Nebraska	No	No
Nevada	No	No
New Mexico	No	Yes
North Dakota	Yes	Yes

State	Notification-based relief (less than 1,000 BOE per year)	Request-based relief (less than 15 BOE per well per day)
Oklahoma	No	No
South Dakota	No	No
Utah	No	No
Wyoming	Yes	No

Federal oil and gas properties located in all other States where ONRR does not share a portion of Federal royalties with the State are eligible for relief if they qualify as marginal under 117(c) of RSFA, 30 U.S.C. 1726(c). For information on how to obtain relief, please refer to 30 CFR 1204.205, which you may view at <https://www.ecfr.gov/>.

Unless the information that ONRR received is proprietary data, all correspondence, records, or information that we receive in response to this notice may be subject to disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. 552 *et seq.*). If applicable, please highlight the proprietary portions, including any supporting documentation, or mark the page(s) that contain proprietary data. We protect the proprietary information under the Trade Secrets Act (18 U.S.C. 1905), FOIA Exemption 4 (5 U.S.C. 552(b)(4)), and the Department of the Interior's FOIA regulations (43 CFR part 2).

Gregory J. Gould,

Director,

Office of Natural Resources Revenue.

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